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*AS "Tosmare shipyard"
report for 2013 year*

Information about the Company

Name of the Company	Stock company "Tosmare shipyard"
Legal status of the Company	Stock company
Registration number, place and date	210302283, 3 January 2000, Company register, Liepaja. 42103022837, 12 May, 2004 Commercial register, Liepaja
Address	42/44G. Baloza Street, Liepaja, LV-3402
The main forms of Company's activities	Construction and repair of technological equipment, ships, yachts, catamarans, containers, roltrailers port services
Names, surnames and held positions of members of the board	Chairman of the board, Member of the board (till 2013.12.16.) Member of the board, Member of the board (from 2013.12.17.)
Names, surnames and held positions of members of the council	Chairman of the council, Vice-chairman of the council Member of the council, Member of the council, Member of the council,
Period of account	1 January 2013 - 31.December 2013
Name and address of the auditor	Ēvalds Figurnovs Certified auditor (LZRA certificate No.38) Profesors,ekonom. habil. Doctor Auditorfirma "Sarguns" Malnavas, 13 LV - 1011, Rīga Latvia

Explanatory notes to Annual Report for the year 2013.

The Company turnover in 2013 was more than 4.5 mil. LVL (LVL 4 586 188) or 6,5 mil. EUR (EUR 6 525 558), which is 72 % result in 2012.

Company gross profit is 2,4 % of turnover, i.e. LVL 111 932 or EUR 159 265.

Despite such decline of turnover, company successfully maintained wide market, i.e. Russia - 27,2 %, Lithuania - 18,2 %, Belize - 12,8 %, Nederland - 4,5 % etc.

Export share was 82,3 % of the total turnover.

In 2013 structure of production services was as follows:

- Ship repair	68,5 %
- Ship building	28,7 %
- Other services	2,8 %

In 2013 company management was not only working to maintain ship repair market but also to attract clients in new building what was possible due to increasing of production capacities in last few years.

At the end of 2013 company managed to get a contract for manufacturing of steel construction for a client from oil & gas industry. This order is first of its kind and such experience will allow company to participate in similar tenders in oil & gas industry.

In 2013 company continued with works on maintaining of the infrastructure (transport workshop, steel workshop, pipe workshop, electrical installations, piping, etc.) and equipment (floating dock, cranes, etc.).

Company also successfully passed certification (14.05.2013.) and implemented ISO 9001:2008.

During the 2013 year the company managed to maintain the financial condition was stable.

In the period of time between the last day of annual report and when the board examines the annual report, there hasn't been any significant or extraordinary circumstance the annual results and company's financial standing.

The Company plans to cover the losses of the year of account with the retained earnings of the previous year and to continue the economic activity also in the next year.

Chairman of the board
28 February of 2014

/Ivica Galich/

Announcement for management's responsibility.

Company's management is responsible for finance preparation, basing on the initial accounting register for each accounting period, that truly reflects the company's financial standing at the end of the year of account, as well as results of activities and cash flow for year.

Management confirms that for compiling this report that ends at 31.December 2013, corresponding methods of accounting were used, their application was consequent, reasonable and cautious decisions were made. Management confirms that corresponding International regulation were observed, and financial reports were compiled according to activity continuation principle.

Management is responsible for keeping of corresponding accounting registers, for company's means maintenance, as well as for prevention of deception and other unfair action.

Chairman of the board
Member of the board
Member of the board

/Ivica Galich/
/Boris Galcovich /
/ Vladislav Blums/

28 February of 2014

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PROFIT OR LOSS STATEMENT
for years 2013 and 2012

	Appendix	LVL		EUR	
		2013	2012	2013	2012
Net turnover	(1)	4 586 188	6 332 265	6 525 558	9 010 001
Production costs of sold output	(2)	(4 474 256)	(5 862 332)	(6 366 293)	(8 341 347)
Gross profit or losses		111 932	469 933	159 265	668 654
Selling costs	(3)	(4 291)	(13 989)	(6 106)	(19 905)
Administration costs	(4)	(244 599)	(242 757)	(348 033)	(345 412)
Other company's economic activity incomes	(5)	459 566	100 601	653 904	143 143
Other company's economic activity costs	(6)	(280 491)	(230 705)	(399 103)	(328 264)
Incomes from membership in holding company's branch and associated companies					
Incomes from securities and loans that have formed the long-term investments					
Other interest incomes and similar incomes					
Long-term financial investments and write off of short-term securities values					
Interest payments and similar costs	(7)	(60 370)	(69 906)	(85 899)	(99 467)
Profit or loss before extraordinary items and taxes		(18 253)	13 177	(25 972)	18 749
Extraordinary incomes					
Extraordinary costs					
Profit or loss before taxes		(18 253)	13 177	(25 972)	18 749
Company's income tax for the year of account		(20 691)		(29 441)	
Deferred tax	(8)	(4 178)	(20 773)	(5 945)	(29 557)
Other taxes	(9)	(25 377)	(26 706)	(36 108)	(37 999)
Profit or loss of the year of account		(68 499)	(34 302)	(97 465)	(48 807)

Chairman of the board
Member of the board
Member of the board

/Ivica Galich/
/Boris Galcovich /
/Vladislav Blums /

28 February of 2014

*AS "Tosmare shipyard"
report for 2013 year*

BALANCE on 31. December 2013 and 2012

	Appendix	LVL		EUR	
		2013	2012	2013	2012
ACTIVE					
Long-term investments					
I. Intangible investments					
Company's development costs					
Concessions, patents, licenses, trade marks and similar rights					
Other intangible investments		801	1 170	1 139	1 665
Intangible value of the company					
Advance payments for intangible investments					
Intangible investments total	(10)	801	1 170	1 139	1 665
II. Fixed assets					
Lands, buildings, constructions, perennial plantations		1 854 096	1 831 191	2 638 141	2 605 550
Long-term investments in leased fixed assets					
Equipment and machines		2 341 367	2 484 035	3 331 465	3 534 463
Other fixed assets and inventory		19 849	28 211	28 243	40 141
Forming of fixed assets and costs of unfinished objects of construction		376 715	8 984	536 017	12 783
Advance payments for fixed assets					
Fixes assets total	(11)	4 592 027	4 352 421	6 533 866	6 192 937
III. Investment property					
IV. Biological actives					
V. Long-term financial investments					
Participation in capital of related companies					
Loans to related companies					
Participation in capital of affiliated companies					
Loans to affiliated companies					
Other securities and investments					
Other loans and other long-term debtors					
Own stocks and shares					
Loans to shareholders or participants and management					
Long-term financial investments total					
Long-term investments total		4 592 828	4 353 591	6 535 005	6 194 602
Current assets					
I. Stocks					
Raw materials, direct materials and auxiliary materials	(12)	600 237	708 137	854 060	1 007 588
Unfinished products					
Complete products and goods for sale	(13)	622 548		885 806	
Unfinished orders	(14)	154 970	1 048 793	220 502	1 492 298
Advance payments for goods		60	60	86	86
Stocks totally		1 377 815	1 756 990	1 960 454	2 499 972
II. For selling held long-term investments					
III. Debtors					
Debts of customers and clients	(15)	1 124 031	1 698 021	1 599 352	2 416 066
Accrued incomes					
Other debtors	(16)	18 757	38 490	26 689	54 766
Undeposited shares in company's capital					
Short - term loans to joint owners and management					
Next periods costs	(17)	14 349	4 204	20 417	5 982
Debtors total		1 157 137	1 740 715	1 646 458	2 476 814
IV. Short-term financial investments					
Participation in capital of related companies					
Own stocks and shares					
Other securities and participation in capitals					
Derivative financial instruments					
Securities and participation in capitals total					
V. Cash assets	(18)	46 513	5 369	66 182	7 639
Current assets total		2 581 465	3 503 074	3 673 094	4 984 425
Actives total		7 174 293	7 856 665	10 208 099	11 179 027

Chairman of the board /Ivica Galich/
Member of the board /Boris Galcovich /
Member of the board /Vladislav Blums /
28 February of 2014

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BALANCE on 31.December 2013 and 2012		LVL		EUR	
	Appendix	2013	2012	2013	2012
PASSIVE					
I. Equity capital					
Stock or share capital (equity capital)	(19)	3 203 397	3 203 397	4 558 023	4 558 023
Stock issue extra charge					
Long - term investment reestimation reserve	(20)	1 106 726	1 106 726	1 574 729	1 574 729
Financial instruments reestimation reserve					
Reserves:					
reserves prescribed by law					
reserves for own stocks and shares					
reserves prescribed by company's statutes					
other reserves					
Retained profit					
retained profit of previous years		340 404	374 706	484 352	533 159
retained profit of the year of accountant		(68 499)	(34 302)	(97 465)	(48 807)
retained profit, amount		271 905	340 404	386 887	484 352
Equity capital total		4 582 028	4 650 527	6 519 639	6 617 104
II. Provisions					
Provision for pensions and similar obligations					
Provision for prospective taxes					
Other provisions	(21)	33 945	40 285	48 299	57 320
Provisions total		33 945	40 285	48 299	57 320
III. Creditors					
I. Long-term debts to creditors					
Borrowings from credit institutions					
Other borrowings					
Leasing liabilities					
From customers received borrowings					
Debts to suppliers and contractors					
Debts to related companies					
Debts to associated companies					
Tax and social security payments					
Other creditors					
Deferred income liabilities	(22)	202 084	197 906	287 540	281 595
Unpaid dividends		4	4	6	6
Next periods incomes					
Long-term debts to creditors total		202 088	197 910	287 546	281 601
II. Short-term debts to creditors					
Borrowings from credit institutions	(23)	1 304 380	1 406 794	1 855 966	2 001 688
Other borrowings					
Leasing liabilities					
From customers received borrowings	(24)	119 923	91 455	170 634	130 129
Debts to suppliers and contractors	(25)	659 645	1 082 058	938 590	1 539 630
Debts to related companies	(26)	55 216	279 972	78 565	398 364
Debts to associated companies					
Tax and social security payments	(27)	167 365	60 123	238 139	85 547
Other creditors	(28)	49 703	47 541	70 721	67 644
Next periods incomes					
Unpaid dividends					
Accrued liabilities					
Derivative financial instruments					
Short-term debts to creditors total:		2 356 232	2 967 943	3 352 615	4 223 002
Creditors total:		2 558 320	3 165 853	3 640 161	4 504 603
Passives total		7 174 293	7 856 665	10 208 099	11 179 027

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report for 2013 year*

CASH FLOW STATEMENT

for 2013 and 2012 (according to direct method)

	LVL		EUR	
	2013	2012	2013	2012
I. Cash flow of basic activity				
Incomes from selling the products and rendering of services	4 326 775	6 421 561	6 156 446	9 137 058
Payments to suppliers, employees, other basic activity expenses	(3 942 207)	(6 117 535)	(5 609 255)	(8 704 468)
Other company's basic activity incomes or expenses				
Gross cash flow of basic activity	384 568	304 026	547 191	432 590
Expenses for interest payments	(45 213)	(55 727)	(64 332)	(79 292)
Expenses for company's income tax payments	(1 410)	(7 948)	(2 006)	(11 309)
Cash flow before extraordinary items	337 945	240 351	480 852	341 989
Cash flow from extraordinary items				
Net cash flow of basic activity	337 945	240 351	480 852	341 989
II. Cash flow of investment activity				
Acquisition of stocks or shares of related or associated companies				
Incomes from detinue of stocks or shares of related or associated companies				
Acquisition of fixed assets and intangible investments	(195 213)	(255 645)	(277 763)	(363 750)
Incomes from selling fixed assets and intangible investments	826		1 175	
Issued loans				
Incomes from repayment of loans				
Received interests				
Received dividends				
Net cash flow of investment action	(194 387)	(255 645)	(276 588)	(363 750)
III. Cash flow of financing action				
Incomes from shares and bonds or capital participation stock investments				
Received loans		9 838		13 998
Received subsidies, grants, gifts or donations				
Expenses for repayment of loans	(102 414)		(145 722)	
Expenses for ransom of leased fixed asset				
Paid dividends				
Net cash flow of financing action	(102 414)	9 838	(145 722)	13 998
IV. Result of foreign exchange rate fluctuations				
Net increase or decrease of cash and its equivalents	41 144	(5 456)	58 543	(7 763)
Cash and its equivalents residue at the beginning of the year of account	5 369	10 825	7 639	15 403
Cash and its equivalents residue at the end of the year of account	46 513	5 369	66 182	7 639

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28 February of 2014

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EQUITY CAPITAL CHANGE REPORT
for years 2013 and 2012

Position Title	LVL		EUR	
	2013.12.31.	2012.12.31.	2013.12.31.	2012.12.31.
1. Stock capital (Core Capital)				
1.1. Sum Indicated in the Previous Year's Balance	3 203 397	3 203 397	4 558 023	4 558 023
1.2. Correction of the Sum Indicated in the Previous Year's Balance				
1.3. Stock Capital (Core Capital) Increase / Decrease				
1.8. Sum Indicated in the Accounting Year's Balance at the End of the Period	3 203 397	3 203 397	4 558 023	4 558 023
2. Emission of Shares addition				
2.1. Sum Indicated in the Previous Year's Balance				
2.2. Correction of the Sum Indicated in the Previous Year's Balance				
2.3. Emission of Shares Addition Increase / Decrease				
2.8. Sum Indicated in the Accounting Year's Balance at the End of the Period				
3. Long Term Investment's Adjustment Reserve	1 106 726		1 574 729	
3.1. Sum Indicated in the Previous Year's Balance				
3.2. Correction of the Sum Indicated in the Previous Year's Balance				
3.3. Long Term Investment's Adjustment Surplus Increase / Decrease		1 106 726		1 574 729
3.8. Sum Indicated in the Accounting Year's Balance at the End of the Period	1 106 726	1 106 726	1 574 729	1 574 729
4. Financial Instrument's Adjustment Reserve				
4.1. Sum Indicated in the Previous Year's Balance				
4.2. Correction of the Sum Indicated in the Previous Year's Balance				
4.3. Financial Instrument's Adjustment Reserve Surplus Increase /Decrease				
4.8. Sum Indicated in the Accounting Year's Balance at the End of the Period				
5. Reserves				
5.1. Sum Indicated in the Previous Year's Balance				
5.2. Correction of the Sum Indicated in the Previous Year's Balance				
5.3. reserves Surplus Increase /Decrease				
5.8. Sum Indicated in the Accounting Year's Balance at the End of the Period				
6. Retained Earnings				
6.1. Sum Indicated in the Previous Year's Balance	340 404	374 706	484 352	533 159
6.2. Correction of the Sum Indicated in the Previous Year's Balance				
6.3. Retained Earning Increase / Decrease	(68 499)	(34 302)	(97 465)	(48 807)
Losses for 2012		(34 302)		(48 807)
Losses for 2013	(68 499)		(97 465)	
6.8. Sum Indicated in the Accounting Year's Balance at the End of the Period	271 905	340 404	386 887	484 352
7. Equity				
7.1. Sum Indicated in the Previous Year's Balance	4 650 527	3 578 103	6 617 104	5 091 182
7.2. Correction of the Sum Indicated in the Previous Year's Balance				
7.3. Equity increase /Decrease	(68 499)	1 072 424	(97 465)	1 525 922
7.8. Sum Indicated in the Accounting Year's Balance at the End of the Period	4 582 028	4 650 527	6 519 639	6 617 104

EPS on 31.12.2013. LVL (- 68 499 : 3 203 397) = - 0,0214 LVL or - 0,0304 EUR;

EPS on 31.12.2012. LVL (-34 302 : 3 203 397) = - 0,0107 LVL or - 0,0152 EUR;

Chairman of the board /Ivica Galich/
Member of the board /Boris Galcovich /
Member of the board /Vladislav Blums /

Appendix from 10. to 20 page is an itegral part of this annual report.

28 February of 2014

APPENDIX

ACCOUNTING POLICY

(1) General principles

Annual report is prepared according to laws of the Republic of Latvia "About book-keeping", "About annual report" and by the Regulation of Ministry Cabinet issued that are to be applied in the year of account.

Profit or loss statement is composed according to turnover outlay scheme.

Cash flow statement is composed according to direct method.

Comparing with previous period of account, accounting and evaluation methods used by the Company has not been changed.

Report has been prepared on the base of activity continuation conception.

According to company's 01.10.2013 September direction Nr.59 stocktaking of items was carried out.

The supplemented financial statements have been compiled in national currency of Latvia - lats (LVL).

(2) Acknowledgement of incomes and net turnover

Net turnover includes the value of rendered services in the year of account (value of sold production), excepting value added taxes and with selling connected discounts.

Other incomes are acknowledged as following:

- incomes from rent – at the moment of their emergence;
- incomes from fines and delay payments – at the moment of receipt;
- dividends – at the moment when legal rights on them arise.

(3) Long-term contract.

Contract about formation an active and performed actions because of the character the beginning and ending date of contract fulfillment is in different accounting periods.

Incomes from long-term contracts are acknowledged according to accomplishment level. Accomplishment level is defined having inspected the result of the work done and establishing the completion of physically definable part of work.

(4) Foreign currency's reestimation in lats

Company's accounting has been made in Latvian lats. All operations in foreign currencies are reestimated in lats according to official currency rate defined by the Bank of Latvia in the corresponding day of operation.

Monetary instruments, as well as debtors and creditors in foreign currencies t the end of year are recalculated in lats according to the official currency exchange rate defined by the bank of Latvia in the last day of accounting year.

The gained profit or loss from foreign currency exchange rate fluctuations are reflected in profit or loss statement of the of corresponding period in net value.

	31.12.2013.	31.12.2012.
	LVL	LVL
1 USD	0.515000	0.531000
1 EUR	0.702804	0.702804

(5) Intangible investments

Intangible investments are estimated according to their initial expense value, excepting the accrued depreciation. Depreciation is calculated according to linear method for 4 years.

(6) Fixed assets and low-grade inventory

Fixed assets are estimated according to their initial expense value or reestimated initial value, excluding accrued depreciation. Depreciation is calculated according to (linear) method, using the rates of fixed assets depreciation calculation, that are based on the evaluation of fixed assets useful service duration:

	Years	%
Buildings, constructions	33.3	3
Equipment and technical utilities	10	10
Rolling stock, seacraft transport, power plant	14.3	7
Furniture and office machines	10	10
Computers and facilities	4	25
Vehicles	5	20
Instruments and inventory	10	10

The depreciation of fixed assets is started to calculate with the first day of next month after its commissioning and is finished with the first day of next month after its exclusion from fixed assets.

Company capitalizes fixed assets whose value exceeds LVL 100 and the period of useful utilization exceeds 1 year. Reestimating the fixed assets, their value increase is reflected as movement in long-term investment reestimation reserve. To incomes in profit or loss statement is applied to fixed assets liquidation.

For calculation of company's income tax the fixed assets calculation is calculated according to requirements and rates of LR law "About company's income tax" 13.paragraph.

Low-grade inventory is entered in purchase prices and in expenses written off for 100% after commissioning.

(7) Long-term investments in leased fixes assets

Expenses of leased fixed assets overhaul are written off according to linear method rate in time of the period.

(8) Rate with ransom (financial leasing)

In cases when fixed assets that are obtained in lease with ransom (financial leasing) in relation to what all risks and liabilities pass over to the company, that is characteristic to ownership, is considered as company's actives at such value as they could be acquired for spot cash. Leasing interest payments and similar payments are included in profit or loss statement of the period when they have arisen.

(9) Lease without rights of ransom (operative leasing)

In cases when fixed assets are leased on lease provisions without rights on ransom, lese payments and prepayments for lease are included in profit or loss statement according to linear method in the period of lease.

(10) Stocks

Stocks are reflected at the lowest market or purchase value, using the FIFO (weighted average) method. In case of necessity the value of obsolete, slow turnover or damaged stock is written off.

In prime costs of produces goods are included the costs of used raw materials and materials and other expenses that are directly connected with production of corresponding object.

(11) Debtors

Debtors are estimated observing the principle of caution showing in balance sheet only the actual debtors. The actual sums of debtors conform with the ones shown in contacts and other accounting original documents. A comparison of debtors has been made and hopeless debts are written off, provisions for suspicious debtors was formed as well (or provisions has not been formed), on the base of evaluation of separate client financial standing and economic activity, considering the repayment of debt according to the concluded agreement (or otherwise – explain).

(12) Other investments

Long-term investments, excluding investments in holding company's sister or associated companies, are listed at acquisition value that is corrected in cases of their permanent value increase or decrease.

(13) Cash and cash equivalents

For cash flow statement purposes cash and cash equivalents consist of residues in cash-desk, current bank account residues and short-term deposits with term to 90 days.

(14) Provisions for not used holidays

Provisions for not used holidays are estimated multiplying the average daily earnings of a worker for the last six month of the year of account with accrued number of days of not used holidays at the end of the year of account.

(15) Company's income tax

Company's income tax is calculated according to the tax legislation of Republic of Latvia. The legislation in force in year 2010 and in future sets a tax rate of 15%.

(16) Deferred company's income tax

Deferred company's income tax is calculated according to liability method in relation to all interim differences between active and liability values in financial statements and their values for tax calculation purposes. In deferred tax calculations a tax rate is used that is prospective in periods, when interim difference equalizes. Interim differences mainly arise using different depreciation rates of fixed assets, as well as from tax losses that are to be posted on next taxation periods. In cases when the deferred tax calculation result should be reflected in balance active, it is included in financial statement only then when it is anticipated that a profit imposable with tax shall be available, to that it will be possible to relate the deductible interim differences that formed the deferred tax active.

(17) Grants

For fixed assets formation received grants are regarded as next periods incomes, that gradually includes the in incomes received of for grants acquired fixed assets in useful utilization time of period. Other grants are related to results of the year of account in the period of grant receipt.

(18) Use of calculations

Preparing the financial statements, company's management has to make calculations and assumptions that influence the actives and passives shown in statements and off-balance for the day of statement preparation, as well as shown incomes and expenses of accounting period. The actual results can differ from these calculations.

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Financial statement appendixes
Appendixes to profit or loss statement

<u>(1) Net turnover</u>	LVL		EUR	
	2013	2012	2013	2012
Incomes from ship building	1 314 591	1 331 293	1 870 494	1 894 259
Incomes from ship repair services	3 141 062	4 344 904	4 469 329	6 182 241
Other incomes	130 535	656 068	185 735	933 501
Total	4 586 188	6 332 265	6 525 558	9 010 001

Per geographic regions

Incomes from service selling in local market	811 410	1 608 576	1 154 532	2 288 797
Incomes from service selling to				
Farer's island	272 775	178 694	388 124	254 258
Russia	1 245 290	1 041 149	1 771 888	1 481 422
Lietuvania	832 870	809 586	1 185 067	1 151 937
Antigua Burbuda	201 958	91 128	287 360	129 663
Beleez	584 941		832 296	
Cyprus	7 274	448 070	10 350	637 546
Niderland	207 092	21 084	294 665	30 000
St.Vincent&Grenadies	103 760	45 673	147 637	64 987
Malta	110 433	5 892	157 132	8 384
Germany	97 845	1 024 648	139 221	1 457 943
England		129 747		184 613
Marshala's island		46 626		66 343
Ukraina		157 525		224 138
Geebraltar	101 867	7 520	144 944	10 700
Sweden	8 673		12 341	
Panama		148 281		210 985
Portugale		542 462		771 854
Liberia		8 182		11 642
Rumunia		17 422		24 789
Total	4 586 188	6 332 265	6 525 558	9 010 001

(2) Production costs of sold goods

Material purchase costs	838 018	1 797 849	1 192 392	2 558 109
Employees salary	712 573	948 991	1 013 900	1 350 293
Social insurance costs	166 563	222 291	236 998	316 292
Electricity costs	221 852	344 837	315 667	490 659
Depreciation of fixed assets	316 872	312 261	450 868	444 307
Contagent's services	1 992 230	1 933 610	2 834 688	2 751 279
Running repairs of equipment	19 388	49 964	27 587	71 092
Running repairs of buildings	2 916	8 654	4 149	12 314
Security staff	66 914	66 921	95 210	95 220
Services from outside	95 701	123 636	136 170	175 918
Lease payment	36 457	46 911	51 874	66 748
Other costs	4 772	6 407	6 790	9 116
Total	4 474 256	5 862 332	6 366 293	8 341 347

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Appendixes to profit or loss statement (continuation)

(3) Selling costs	LVL		EUR	
	2013	2012	2013	2012
Media advertising expenditures	1 039	8 179	1 478	11 638
Business trips	3 252	5 751	4 627	8 183
Other		59		84
Total	4 291	13 989	6 106	19 905
(4) Administration costs	LVL		EUR	
	2013	2012	2013	2012
Communication costs	1 202	3 010	1 710	4 283
Annual report's costs	2 502	2 500	3 560	3 557
Reward for the board	70 443	66 646	100 231	94 829
Reward for the council	95 111	99 500	135 331	141 576
Social insurance costs	38 585	38 768	54 902	55 162
Office maintenance costs	2 861	2 294	4 071	3 264
Stock exchange costs	5 100	5 000	7 257	7 114
Lawyer's services	10 666	5 834	15 176	8 301
Transport costs, business trips	6 390	8 062	9 092	11 471
Bank services	9 425	8 425	13 411	11 988
Representation expenses	2 314	2 718	3 293	3 867
Total	244 599	242 757	348 033	345 412
(5) Other incomes from company's economic activity				
Incomes from realization of materials	4 848	9 444	6 898	13 438
Incomes from rent	32 230	46 226	45 860	65 774
Incomes from tugboat's services	24 528	31 939	34 900	45 445
Other incomes	397 960	12 992	566 246	18 486
Total	459 566	100 601	653 904	143 143
(6) Other expenses from company's economic activity				
Written off bad debtors	220 146	112 628	313 240	160 255
Accrued liabilities (holiday reserves)	(6 340)	2 335	(9 021)	3 322
Fixed assets exclusion expenses	5 850	27	8 324	38
Material purchase expenses	1 039	2 895	1 478	4 119
Personnel expenses (material assistance)	1 555	1 500	2 213	2 134
Tugboat's services expenses	43 542	59 634	61 955	84 852
Losses from exchange rate fluctuations	12 999	38 781	18 496	55 180
Dotations	40	4 195	57	5 969
Gifts to employees	248	256	353	364
Property maintenance	1 412	2 017	2 009	2 870
Other		6 437		9 159
Total	280 491	230 705	399 103	328 264
(7) Interest payments and similar expenses				
Paid interests	45 213	55 727	64 332	79 292
Paid fines	15 157	14 179	21 567	20 175
Total	60 370	69 906	85 899	99 467
(8) Liability calculation of deferred tax :				
Deferred tax liabilities :				
Difference between fixed assets remained value in financial accounting and needs	1 381 169	1 359 660	1 965 226	1 934 621
Deferred tax actives :				
Accrual for holidays	(33 945)	(40 285)	(48 299)	(57 320)
Accrual for provisions				
Other interim differences				
Accrued tax losses				
Total interim differences	1 347 224	1 319 375	1 916 927	1 877 301
Deferred tax liabilities /)active), rate 15 %	202 084	197 906	287 540	281 595
Unapproved active of deferred tax	4 178	20 773	5 945	29 557
Deferred tax liabilities	202 084	197 906	287 540	281 595
(9) Other taxes				
Immovable property tax for land	10 184	10 599	14 490	15 081
Immovable property tax for buildings and constructions	15 193	16 107	21 618	22 918
Total	25 377	26 706	36 108	37 999

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Appendixes to balance sheet on 31.12.2013.

(10)	Intangible investments						Total
	Concessions, patents, licenses, trade marks and similar rights	Research work and company's development expenses	Other intangible investments (computer pr.)	Company's intangible value	Advance payments for intangible investments		
	Ls	Ls	Ls	Ls	Ls	Ls	
Undepreciated value							
31.12.2012.			12 802			12 802	
Purchased						0	
Written off			5 447			5 447	
Reestimated						0	
31.12.2013.	0	0	7 355	0	0	7 355	
Depreciation							
31.12.2012.			11 632			11 632	
Calculated			369			369	
Written off			5 447			5 447	
31.12.2013.	0	0	6 554	0	0	6 554	
Residual value 31.12.2012	0	0	1 170	0	0	1 170	
Residual value 31.12.2013	0	0	801	0	0	801	
	EUR	EUR	EUR	EUR	EUR	EUR	
Undepreciated value							
31.12.2012.			18 215			18 215	
Purchased			0			0	
Written off			7 750			7 750	
Reestimated						0	
31.12.2013.	0	0	10 465	0	0	10 465	
Depreciation							
31.12.2012.			16 551			16 551	
Calculated			525			525	
Written off			7 750			7 750	
31.12.2013.	0	0	9 326	0	0	9 326	
Residual value 31.12.2012	0	0	1 665	0	0	1 665	
Residual value 31.12.2013	0	0	1 139	0	0	1 139	

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(11) Fixed assets

	Land, buildings, constructions	Equipment and machines	Long-term investments in leased fixed assets	Other fixed assets and inventory	Formation of fixed assets	Advance payments for fixed assets	Unfinished construction works	Total
	Ls	Ls	Ls	Ls	Ls	Ls	Ls	Ls
Undepreciated value								
31.12.2012.	2 615 494	3 901 599		105 476			8 984	6 631 553
Purchased	114 527	91 141		1 021			559 342	766 031
Written off		77 049		16 184			191 611	284 844
Reestimated								0
31.12.2013.	2 730 021	3 915 691	0	90 313	0	0	376 715	7 112 740
Depreciation								
31.12.2012.	784 303	1 417 564		77 265				2 279 132
Calculated	91 622	228 901		7 615				328 138
Written off		72 141		14 416				86 557
31.12.2013.	875 925	1 574 324	0	70 464	0	0	0	2 520 713
Residual value 31.12.2012	1 831 191	2 484 035	0	28 211	0	0	8 984	4 352 421
Residual value 31.12.2013	1 854 096	2 341 367	0	19 849	0	0	376 715	4 592 027
EUR								
Undepreciated value								
31.12.2012.	3 721 513	5 551 475		150 079			12 783	9 435 850
Purchased	162 957	129 682		1 453			795 872	1 089 964
Written off		109 631		23 028			272 638	405 297
Reestimated		0						0
31.12.2013.	3 884 470	5 571 526	0	128 504	0	0	536 017	10 120 517
Depreciation								
31.12.2012.	1 115 963	2 017 012		109 938				3 242 913
Calculated	130 366	325 697		10 835				466 898
Written off		102 648		20 512				123 160
31.12.2013.	1 246 329	2 240 061	0	100 261	0	0	0	3 586 651
Residual value 31.12.2012	2 605 550	3 534 463	0	40 141	0	0	12 783	6 192 937
Residual value 31.12.2013	2 638 141	3 331 465	0	28 243	0	0	536 017	6 533 866

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Appendixes to balance sheet (continuation)

	LVL		EUR	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
(12) Raw materials, direct materials and auxiliary materials				
1. Metal	319 099	407 671	454 037	580 064
2. Abrasive	304	1 218	433	1 733
3. Pipes	117 814	137 760	167 634	196 015
4. Non-ferrous metals	45 541	47 500	64 799	67 586
5. Products of technical rubber	27 536	30 724	39 180	43 716
6. Other expenses	89 943	83 264	127 977	118 474
Total	600 237	708 137	854 060	1 007 588
(13) Good for sale				
Yahta	622 548		885 806	
Total	622 548	0	885 806	
(14) Unfinished products				
1 Ship building	154 601	1 048 793	219 977	1 492 298
2 Ship repair services	369		525	
Total	154 970	1 048 793	220 502	1 492 298
(15) Accounting value of purchaser's and clients' debts				
	LVL		EUR	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Accounting value of purchaser's and clients' debts	1 124 031	1 698 021	1 599 352	2 416 066
Net debts of purchasers and clients	1 124 031	1 698 021	1 599 352	2 416 066
(16) Other debtors				
	LVL		EUR	
	31.12.2013	31.12.2012	31.12.2013	30.06.2009.
VAT accepted		8 856		12 601
In budget advance and overpaid taxes	18 666	22 895	26 559	32 577
Income's tax advance payments		5 868		8 349
Advance payments for services	91	871	129	1 239
Total	18 757	38 490	26 689	54 766
(17) Next periods costs				
Workers insurance		4 115		5 855
Payment for press	167	89	238	127
Costs	14 182		20 179	
	14 349	4 204	20 417	5 982
(18) Cash				
	LVL		EUR	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Money in cash-desk		677		963
Money in current accounts	46 513	4 692	66 182	6 676
Total	46 513	5 369	66 182	7 639

(19) Information about company's own shares and total stock

"Tosmare Shipyard" JSC was established in 2000 with share capital LVL 1 603 397 that consist of 1 603 397 common shares, nominal value of share is LVL 1.

The join-stock company is public and its shares counts among the stock exchange. All shares give equal rights to receipt of dividends, receipt of liquidation quotas and right to vote in the shareholders meeting. One share gives the right to 1 vote in the shareholders meeting. The Company has no shares that are held by the Company itself or anyone else in its assignment.

Modifications in statutes:

- Increase of share capital of the company to LVL 2 603 397 in 2001 year.
- Increase of share capital of the company to LVL 3 203 397 in 2002 year.
- In 2011, 2 562 660 shares were determined as registered shares, and 640 737 shares as bearer shares; all shares are non-certificated shares / book-entry shares.

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Appendixes to balance sheet (continuation)

	LVL		EUR	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
(20) Long-term investment reestimation reserve				
Investment reestimation of water's dok	1 106 726	1 106 726	1 574 729	1 574 729
Total	1 106 726	1 106 726	1 574 729	1 574 729
(21) Provisions				
Accruals for holiday grants	33 945	40 285	48 299	57 320
Total	33 945	40 285	48 299	57 320
(22) Deferred tax liabilities				
Deferred tax liabilities at the beginning of year	197 906	177 133	281 595	252 038
Deferred tax liability lost in the year of account	4 178	20 773	5 945	29 557
Total	202 084	197 906	287 540	281 595
(23) Loans from credit institutions (short-term)				
Total	1 304 380	1 406 794	1 855 966	2 001 688
The Company has EUR 2 000 000 credit line with AS "SEB banka". Technological equipment, floating dock and two dry docks owned by the company are pledged guarantee the liabilities.				
(24) From customers received borrowings				
Ship building	114 833	84 189	163 393	119 790
Other	5 090	7 266	7 242	10 339
Total	119 923	91 455	170 635	130 129
(25) Debts to suppliers and contractors				
Raw materials, direct materials and auxiliary materials	180 334	274 715	256 592	390 884
Services	129 153	195 558	183 768	278 254
Contraagent's services	318 513	541 028	453 203	769 814
Capital assets	31 645	70 757	45 027	100 678
Total	659 645	1 082 058	938 590	1 539 630
(26) Debts to related companies				
JSC "Riga's shipyard"	55 216	279 972	78 565	398 364
Total	55 216	279 972	78 565	398 364

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(27) Movement of tax liabilities for 2013

	01.01.2013.	Calculated for 2013	Calculated fine and delay payment	(Paid)/ repaid	Posted to/ (from) other taxes	31.12.2013.
	LVL	LVL	LVL	LVL	LVL	LVL
Value added tax	(22 895)	(73 703)	2 313	(53 805)	129 424	(18 666)
Population income tax	35 953	175 693	7 531	(131 652)	(16 079)	71 446
State social insurance compulsory payments	23 044	315 052	4 411	(154 073)	(118 736)	69 698
Company's income tax	(5 868)	20 691	8	(1 411)	5 391	18 811
Immovable property tax (land)		10 184	252	(7 890)		2 546
Immovable property tax (buildings)		15 193	352	(11 747)		3 798
Tax of natural resources	1 075	2 969	5	(3 028)		1 021
Risk duty of business	51	592	2	(600)		45
Total	31 360	466 671	14 874	(364 206)	0	148 699

incl.:

Debt to budget	60 123					167 365
Overpayment	(28 763)					(18 666)

	01.01.2013.	Calculated for 2013	Calculated fine and delay payment	(Paid)/ repaid	Posted to/ (from) other taxes	31.12.2013.
	EUR	EUR	EUR	EUR	EUR	EUR
Value added tax	(32 577)	(104 870)	3 291	(76 558)	184 154	(26 560)
Population income tax	51 157	249 989	10 716	(187 324)	(22 878)	101 659
State social insurance compulsory payments	32 789	448 279	6 276	(219 226)	(168 946)	99 172
Company's income tax	(8 349)	29 440	11	(2 008)	7 671	26 765
Immovable property tax (land)		14 490	359	(11 226)		3 623
Immovable property tax (buildings)		21 618	500	(16 714)		5 404
Tax of natural resources	1 529	4 224	7	(4 308)		1 452
Risk duty of business	72	842	3	(853)		64
Total	44 621	664 012	21 163	(518 217)	0	211 579

incl.:

Debt to budget	85 547					238 139
Overpayment	(40 926)					(26 560)

(28) Other creditors

	LVL		EUR	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Salary	48 647	44 181	69 218	62 864
Deductions from salary	416	694	592	987
Other creditors	640	2 666	911	3 793
Total	49 703	47 541	70 721	67 644

Chairman of the board
Member of the board
Member of the board

/Ivica Galich/
/Boris Galcovich/
/Vladislav Blums /

28 February of 2014

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General remarks

(1) The annual average number of employed ones

The average number of persons employed by the company in the year of account

	<u>213</u>		<u>229</u>	
	<u>Ls</u>		<u>EUR</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2 012</u>
(2) Personnel expenses total	1 145 110	1 310 095	1 629 345	1 864 097
- salary	928 829	1 061 971	1 321 605	1 511 049
- social tax	216 281	248 124	307 740	353 049
- including:				
Salary of persons engaged in production (basic activity)				
- salary	763 275	895 824	1 086 042	1 274 643
- social tax	177 696	209 356	252 839	297 887
- total	940 971	1 105 180	1 338 881	1 572 529
Reward to the board				
- reward	70 443	66 647	100 231	94 830
- social tax	16 970	16 055	24 146	22 844
- total	87 413	82 702	124 377	117 674
Reward to the council				
- reward	95 111	99 500	135 331	141 576
- social tax	21 615	22 713	30 755	32 318
- total	116 726	122 213	173 894	173 893

(3) Pledged assets, guaranties , off-balance liabilities.

Assets are pledged to ensure the credit.

No guaranties are issued. There are no off-balance liabilities.

We confirm the annual report for the 2012 year from 1 to 20.

Chairman of the board	/Ivica Galich/
Member of the board	/Boris Galcovich/
Member of the board	/Vladislav Blums /

28 February of 2014

